



AGENDA MEMORANDUM

Action Item for the City Council Meeting April 28, 2026

DATE: March 31, 2026
TO: Peter Zanoni, City Manager
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Resolution authorizing the renewal of property insurance, including All Other Perils, Flood, Named Storm, Wind/Hail, Earth Movement, and Equipment Breakdown insurance, through Acrisure South Insurance Services LLC, (previously Carlisle Insurance) Broker of Record, for the upcoming policy year (May 4, 2026- May 4, 2027), for an annual premium of \$3,017,667.89

CAPTION: Resolution authorizing the renewal of property insurance, including All Other Perils (AOP), Flood, Named Storm, Wind/Hail, Earth Movement, and Equipment Breakdown insurance, through Acrisure, Broker of Record, for the upcoming policy year (May 4, 2026-May 4, 2027), for an annual premium of \$3,017,667.89.

SUMMARY: The current property insurance policy expires May 4, 2026. Limits, coverage and deductible structures are illustrated in the attached graph. **This year, due to improving markets the City was able to increase the total limit of property coverage from \$75,000,000 to \$175,000,000 with premium cost savings of \$155,169.14 or 5% over expiring premium. Coverage will only extend to locations and buildings valued at over \$1,000,000. All other buildings, structures and property will not be covered,** and those risks will be retained by the city should a catastrophic event occur. If the insurance market continues to stabilize, Risk Management will continue to recommend increased higher total limits of liability when cost feasible. Notably, we expect to revalue our buildings in the upcoming year. This revaluation will result in further increases as buildings subject to increased valuations will be added to our schedule of properties covered by insurance.

BACKGROUND AND FINDINGS:

The City's Property Insurance Program, a Tier I coastal risk, currently carries property insurance coverage which includes: AOP, Flood, Earth Movement, Wind, Named Storm, and Equipment Breakdown (Boiler/Machinery) included as part of the coverage. The City's property insurance program is a multi-layered program comprised of participating admitted and non-admitted commercial insurance carriers. In addition to traditionally insured property (buildings and contents), the City's schedule of insured property includes other specialty insurance type risks: wharves, baseball stadium, docks, piers, and fine arts. In addition, the City purchases flood insurance through our Broker, for property located in FEMA Special Flood Hazard Areas A and V through the National Flood Insurance Program (NFIP) that **is not** included in this amount).

In seven of the last ten years, the property insurance market sustained world-wide catastrophes which

destabilized property insurance markets by decreasing their capacity to write property insurance at the limits once offered, especially in coastal areas. This posed an incredible challenge for the city to maintain adequate coverage limits and acceptable deductible structure within allotted budget over the last several years. Based on the foregoing reasons stated, three years ago, the City's property insurance program was significantly changed, with policy limits drastically reduced from \$250,000,000 to \$50,000,000 while deductibles for AOP, Wind/Hail and Earth Movement perils increased from \$50,000 to \$500,000 in FY23-24. Further, because of the exponentially escalating insurance cost, the City was forced to make the difficult decision to only insure buildings valued at \$1 million plus. Last year the City was able to maintain total policy limits of \$75,000,000. Renewing per expiring current policy limit amount of \$75 million would have resulted in a savings of more than \$800,000, however, this year the market continued to improve, which allowed the City to purchase additional much needed additional limits.

Following acquisition of insurance for this fiscal year, Risk Management will be working with Asset Management to update the City's valuations. Inflation in construction costs is expected to continue, and increased valuations will require additions to the City's policy within the upcoming year.

ALTERNATIVES: Alternate proposals submitted include the following:

OPTION B | \$100M Limit

Total Premium: \$2,579,752.14
Total Premium Change over expiring: (\$593,084.89) | 19% decrease
Total Rate: \$0.3624
Total Rate Change over expiring: 20% decrease

OPTION C | \$125M Limit

Total Premium: \$2,750,198.39
Total Premium Change over expiring: (\$422,638.64) | 13% decrease
Total Rate: \$0.3863
Total Rate Change over expiring: 15% decrease

OPTION D | \$150M Limit

Total Premium: \$2,886,555.39
Total Premium Change over expiring: (\$286,281.64) | 9% decrease
Total Rate: \$0.4055
Total Rate Change over expiring: 11% decrease

***Equipment Breakdown I Limit** \$100M Limit \$20,944.00 (premium quote and limit applies and is included in all options)

Another alternative is for the City to fully self-insure property losses. However, such an increase in risk might be considered negative for the City's bond rating agencies. Any decrease in credit rating would quickly absorb any self-insurance savings. Further, the City has not established a property self-insurance fund which is necessary to absorb the risk of a catastrophic event. Risk Management's goal is to increase total limits of liability policy more aligned with the total insured property value portfolio exposure of the city as the market allows.

FISCAL IMPACT: This item is within budget and reflects a **5%_decrease in premium of \$155,169.14** from expiring policy year. Risk Management included this expenditure in its FY 2025-2026 budget of \$3,029,000.00. The Risk Management fund is an internal operating fund based on departmental property value cost allocation to each department. Approval of this item is an annual reoccurring expenditure to limit the City's financial exposure under its current property insurance program.

FUNDING DETAIL:

Fund: Fund 5611-Liab/EB Liab; Fund 1030-Business Job Dev; Fund 4710-Visitor Facility
Organization/Activity: Org. 40520-Ins Policy Premiums; Org.13826-Baseball Stadium;
Org. 13625-Arena Operations; Org. 13600-Convention Center/Auditorium Operations;
Departments: 054, 034, & 034
Project # **(CIP Only):**
Account: 537090-Flood Ins., 537095-Windstorm Ins., & 537420-Property Ins.

RECOMMENDATION: Staff recommends the City renew its property insurance as illustrated on the attachment, maintaining its deductible structure for all coverage and terms and conditions, while increasing the total policy limit of coverage to \$175 million.

LIST OF SUPPORTING DOCUMENTS: Certification of Funds, Resolution, Options and History

	<i>FY22-23</i>	<i>FY23-24</i>	<i>FY24-25</i>	<i>FY25-26</i>	<i>FY26-27</i>
Total Insured/Value \$	\$769,065,740	\$764,589,621	\$674,167,737	\$697,790,392	\$711,859,592
Property Rate (per \$100 value)	\$0.5107	\$0.5175	\$0.5570	\$0.4547	\$0.4239
Premium	\$3,927,242	\$4,515,436	\$3,749,609	\$3,172,837.03	\$3,017,667.89
Premium +/-	\$345,869 (10% increase from prev. yr)	\$615,373 (16% increase from prev. yr)	\$-182,526 (4.5% increase from prev. yr)	\$-576,935 (15.36% decrease from prev. yr)	\$-155,169.14 (5% decrease from prev. yr)
Limits/All Risk	\$250,000,000	\$50,000,000	\$ 75,000,000	\$75,000,000	\$ 175,000,000
Named Storm	\$150,000,000	\$50,000,000	\$ 75,000,000	\$75,000,000	\$ 175,000,000
Flood/Earth Movement	\$ 50,000,000	\$ 50,000,000	\$ 50,000,000	\$ 50,000,000	\$ 175,000,000
Coverage/Peril	Deductible	Deductible	Deductible	Deductible	Deductible
All Other Perils-per occurrence	\$50,000	\$250,000	\$500,000	\$500,000	\$500,000
Flood-per occur (storm surge included)	\$100,000	\$250,000	\$500,000	\$500,000	\$500,000
Flood-per occur (storm surge included) <i>Locations wholly or partially within Special Flood Hazard Areas</i>	\$500,000 each building & \$500,000 for contents; \$100,000 Time Element	\$500,000 each building & \$500,000 for contents; \$250,000 Time Element	\$500,000 each building & \$500,000 for contents in each building; \$500,000 Time Element	\$500,000 each building and \$500,000 for contents in each building, \$500,000 Time Element	\$500,000 each building and \$500,000 for contents in each building, \$500,000 Time Element
Named Storm	2% of Total Insurable value at the time of the loss at each location involved in loss arising out of the named storm subject to a minimum of \$100,000 any occurrence and max of \$4,000,000 any occurrence	3% of Total Insurable value at the time of the loss at each location involved in the loss or damage arising out of the named storm subject to a minimum of \$250,000 any one occurrence and max of \$4,000,000 any one occurrence.	3% of Total Insurable value at the time of the loss at each location involved in the loss or damage arising out of the named storm subject to a minimum of \$500,000. No Max Cap protection.	3% of Total Insurable value at the time of the loss at each location involved in the loss or damage arising out of the named storm subject to a minimum of \$500,000 any one occurrence No Max. Cap protection.	3% of Total Insurable value at the time of the loss at each location involved in the loss or damage arising out of the named storm subject to a minimum of \$500,000 any one occurrence. No Max Cap protection.
Wind/Hail-per occur	\$50,000	\$50,000	\$250,000	\$500,000	\$500,000
Earth Movement-per occur	\$50,000	\$50,000	\$250,000	\$500,000	\$500,000
Equipment Breakdown (Boiler & Machinery)	\$2,500	\$2,500	\$2,500	\$5,000	\$5,000